

FISCAL NOTE

HB 2145 - SB 2147

April 2, 2007

SUMMARY OF BILL: Requires all health insurance providers to offer coverage of prosthetics at a rate equal to that provided by Medicare.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,524,800

Increase Local Govt. Expenditures - \$100,000*

Other Fiscal Impact – Increase Federal Expenditures - \$2,675,200

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would result in an increase in the cost of health insurance premiums which exceeds \$100,000 for plans that do not currently offer prosthetic devices within the provisions of the proposed legislation.

Assumptions:

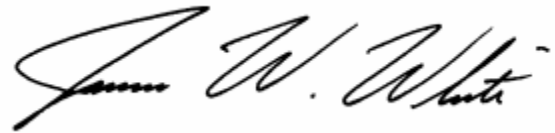
- The provisions of the bill will create a mandated benefit for prosthetic devices when determined appropriate by a health care provider.
- According to the Bureau of TennCare, the average Medicare rate exceeds actual TennCare expenditures by 33%.
- In FY06, TennCare expended approximately \$14,000,000 for 112,000 prosthetic procedures.
- Utilizing a 30% rate increase will result in the Bureau of TennCare incurring an increase of expenditures of \$4,200,000. Of this amount, \$1,524,810 in state expenditures and \$2,675,190 in federal expenditures at a rate of 63.695%.
- The state and local option health plans will be exempted from the provisions of the bill due to federal preemption.
- Any local government health plans that are not part of the state plan will incur an estimated increase in expenditures which will exceed \$100,000 for covering prosthetic devices.
- The Department of Commerce and Insurance is responsible for the implementation and regulation of the provisions of this bill. Any

increase in expenditures for such will not be significant and will be absorbed within existing resources of the Department.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director